

As a collateral taker, how can I offer maximum flexibility *and* adhere to my risk parameters?

For collateral takers, efficient collateral management is an essential strategy to mitigate credit risk. JPMorgan offers collateral takers a highly sophisticated programme of collateral management tools that provides attractive flexibility to counterparties while protecting the integrity of your collateral pool.



Comprehensive eligibility testing

Our sophisticated, web-enabled risk management engine is integrated with our settlement platform to provide real-time monitoring of your collateral. Eligibility testing on the collateral you accept allows you to narrowly define acceptable risk parameters. We work closely with clients to develop eligibility tests that protect the quality of their asset pool while increasing their ability to do business with more demanding counterparties. We support a wide range of eligibility criteria, including rating, index, industrial sector, instrument, pricing, market and issuer-based data.

Flexible concentration limits

Once eligibility is determined, a range of haircuts and concentration limits are applied to address asset volatility and to maintain collateral liquidity. Concentration can be controlled at the security level right through to the total portfolio level. Maximum limits can be applied as either a value or percentage of holdings, and liquidity is maintained through the use of one of a range of traded volume tests. The system has been designed with flexibility in mind, to support the simplest to the most rigorous of collateral schedules.

Reinvestment opportunities

In addition to offering operational and risk management functions, we can help clients explore opportunities for reinvesting the collateral they hold. We have a proven record of structuring reinvestment programmes that take advantage of the JPMorgan infrastructure, and would be happy to talk with you further should you wish to explore this avenue.

Global coverage, local support

JPMorgan has been a leader in collateral management services since the firm pioneered the international tri-party securities lending industry in 1992. Today we offer a fully integrated worldwide securities clearance and collateral management system. We consider dedicated collateral administration teams and service delivery managers situated locally in each time zone to be a prerequisite for offering a truly global service. Our experienced staff stand ready to offer optimal solutions to your collateral management challenges, regardless of the size and complexity of your deals.

How will you benefit?

JPMorgan’s collateral management services offer key advantages to collateral providers:

The ability to accept a wide range of securities as collateral

We can accommodate a diverse range of equity and fixed income instruments and cash as collateral. We are continually expanding our coverage, most recently with the addition of exchange traded funds and Japanese government bonds.

Accurate collateral valuations

You can be sure that you are sufficiently collateralised at all times. We source our valuation data from the market’s leading financial data providers, and apply screening and validation processes to maintain the highest quality in asset pricing.

Sophisticated collateral screening

We continually invest in the most risk-sensitive collateral eligibility tests and concentration measurements to ensure that your liquidity and exposure requirements are always maintained. This means that you can comfortably move along the credit curve without generating additional risk.

High quality, flexible reporting

We provide comprehensive reporting that is compatible with your back office system via click-through file downloads. We also offer a unique two-way interface with SunGard™ Securities Finance’s Global One™ system.

Call us

Let us demonstrate the value that partnering with JPMorgan can add to your business. Speak to your relationship manager, or call us:

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We also invite you to visit our Web site at jpmorgan.com/ccm

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